

Service Date: September 3, 1980

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER of the Application)
of montana-DAKOTA UTILITIES COM-)
PANY for Authority To Implement) UTILITY, DIVISION
The Incremental Pricing Provi-) Docket No. 80 5.26
signs Or the Natural Gas Policy) Order No. 4691
Act of 1978 (NGPA).)

GENERAL

On February 21, 1980, the Federal Energy Regulatory Commission (FERC) issued Docket No. RM79-14 specifying the final regulations for implementing Phase I of the Incremental Pricing program. These regulations mandate the collection of a price surcharge from non-exempt industrial boiler loads equivalent to the difference between the price of No. 6 fuel oil and interruptible industrial natural gas price This surcharge is designed to protect priority customers from the impending deregulation of interstate natural gas supplies resulting from the NGPA.

The FERC regulations do not specify a procedure for distribution of the accumulated surcharge. Montana-Dakota Utilities Company, has filed with, the Commission Tariff 89-Ma, a procedure distributing the surcharge via its Gas Cost Tracking Adjustment to all exempt loads (including exempt interruptible loads) on flat cents per unit of Natural Gas basis.

Non-exempt customers are defined as those industrial boiler fuel consumers whose average daily use exceeds 300 Mcf, specifically excluding electric utilities, agricultural consumers, and institutions such as schools and hospitals. Exempt customers are those consumers whose average daily use

is less than 300 Mcf.

FINDINGS OF FACT

1. On July 2, 1980, pursuant to the Commission's Notice of June 11, 1980, a public hearing was held in Billings, Montana to receive evidence and allow cross-examination,
2. The following parties filed for and were granted by this Commission the right to intervene in this Docket: Midland Empire Packing Co , Midland Foods Distributing Co , The Lovell Clay Products Co, Pierce Packing Co , and Conoco Inc These parties did not offer testimony or exhibits at the hearing None of the intervening parties protested Montana-Dakota Utilities Company's proposed procedure for the implementation of the Incremental Pricing Provisions of the NGPA
3. No public witnesses appeared at the hearing to offer testimony in protest of the proposed procedure.

DONE IN OPEN SESSION in Helena, Montana on September 2, 1980
by a vote of 4 - 0 .

CONCLUSIONS OF LAW

1. The Commission has jurisdiction, granted by Section 69-3-102, MCA, over matters in this Docket
2. The tariff approved herein is reasonable, just and proper

ORDER

The following Tariff 89-Ma is authorized to be effective for services rendered on and after September 2, 1980:

INCREMENTAL NATURAL GAS PRICING PROVISIONS

The rate charged for natural gas consumed for an industrial use which is subject to the incremental pricing provisions of Title II of the Natural Gas Policy Act of 1978 (NGPA) shall be the higher of the otherwise applicable industrial rate or the alternative fuel price ceiling applicable to the non-exempt industrial use as published by the Energy Information Administration of the United States Department of Energy

The difference between the amount collected under this rate rider and the amount otherwise due will be used to reduce the purchased gas costs within the state where generated through reductions in the Gas Cost Tracking Adjustments applied to the respective sales of natural gas to exempt customers in that state, unless otherwise ordered by the state regulatory commission, the FERC, or other governmental agency having Jurisdiction.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

GEORGE TURMAN, Commissioner

THOMAS J. SCHNEIDER, Commissioner

CLYDE JARVIS, Commissioner

JAMES R. SHEA, Commissioner

ATTEST:

Madeline L. Cottrill
Secretary

(SEAL)

NOTE: You may be entitled to judicial review of the final decision in this matter. If no Motion For Consideration is filed, judicial review may be obtained by filing a Petition for review within thirty (30) days from the service of this order. If a Motion for Reconsideration is filed, a Commission order is final for purpose of appeal upon passage of ten (10) days following the filing of that motion. cf . the Montana Administrative Procedure Act, esp .Sec. 2-4-702, MCA, and Commission Rules of Practice and Procedure, esp. 38-2.2 (64)-P2750, ARM.